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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )

Amendment of the Commission's )  
Rules and Policies to Increase )  
Subscribership and Usage of the )  
Public Switched Network )

CC Docket No. 95-115

FCC No. 95-281

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AMERITECH'S COMMENTS

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September 27, 1995

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## TABLE OF CONTENTS

	PAGE
I. INTRODUCTION AND SUMMARY.....	1
II. PROPOSALS TO INCREASE SUBSCRIBERSHIP.....	4
A. Disconnection Related to Failure to Pay Interstate Long-distance Charges.....	4
B. Services Targeted for Low-Income Populations That are Highly Mobile.....	10
C. Extending Telephone Service to Unserved Areas.....	11
III. SUBSCRIBERSHIP BARRIERS AND MEASUREMENTS.....	11
IV. CONSUMER AWARENESS ISSUES.....	12
V. CONCLUSION.....	13

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I.

INTRODUCTION AND SUMMARY

The Ameritech Operating Companies<sup>1</sup> ("Ameritech" or the "Company") respectfully offer the following comments on the Notice of Proposed Rulemaking ("NPRM") released in this docket on July 20, 1995. In that NPRM, the Commission proposes taking several additional steps to increase the level of telephone subscribership, and presumably network usage, in the United States.

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<sup>1</sup> The Ameritech Operating Companies are: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company and Wisconsin Bell, Inc.

Ameritech is sensitive to the Commission's legitimate interest in promoting universal service. As the Commission has noted, its "universal service policy is rooted in the Communications Act of 1934, a central tenet of which is 'to make available, so far as possible, to all the people of the United States ... communication service with adequate facilities at reasonable charges ... .' "<sup>2</sup> A compelling argument can be made that the Commission already has fully discharged this "make available" mandate given a national penetration rate of nearly 94% and the Commission's acknowledgment "that a 100 percent penetration level is not possible."<sup>3</sup> This is a remarkable achievement.

Nevertheless, it is entirely appropriate for the Commission to continue examining the root causes for non-subscribership and to do so with an eye towards increasing the penetration level through reasonable, cost-efficient policies which properly reflect the economics underlying the increasingly competitive marketplace for telecommunications services. Ameritech pledges its cooperation in that effort, and will continue to undertake its own initiatives to increase subscribership and assist in making access to the public switched telephone network available as far as possible at a reasonable charge.<sup>4</sup>

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<sup>2</sup> NPRM at fn. 1 (emphasis added).

<sup>3</sup> NPRM at par. 44.

<sup>4</sup> Some of those initiatives are described in Attachment A.

It is in this spirit that Ameritech offers its comments on the NPRM. Ameritech's main point is that the Commission should not adopt a rule prohibiting disconnection of local service for non-payment of interstate toll charges because there are other, less onerous ways to potentially increase the level of accessibility to the wireline network, including voluntary and involuntary toll restrictions and deposit requirements which reflect such toll restrictions. Ameritech is in the process of conducting trials of some of these alternatives and has implemented others in cooperation with state regulatory commissions across the midwest. The Commission should give those programs an opportunity to work before deciding whether additional rules intended to increase subscribership should be adopted at the federal level.

Regarding the other Commission proposals, Ameritech believes the Commission should not adopt any new rules to expand Lifeline assistance. Nor should the Commission adopt any particular rules with respect to services targeted for low-income populations which are highly mobile, at least until the Commission completes further study, including a cost/benefit analysis.

Finally, Ameritech believes that the Commission should evaluate existing programs designed to educate consumers about the availability of telephone service assistance programs before deciding whether there are any

consumer awareness issues which need to be addressed through new federal rules. In the context of that evaluation, the Commission properly can assess the relative costs and benefits of any new educational programs which may be proposed.

## II.

### PROPOSALS TO INCREASE SUBSCRIBERSHIP

The Commission proposes several options in the NPRM which are intended to increase subscribership in this country. Some relate to disconnection for non-payment of interstate toll charges. Some relate to low-income populations that are highly mobile. And, others relate to extending telephone service to unserved areas.

#### A. Disconnection Related to Failure to Pay Interstate Long-distance Charges

To deal with the issue of subscribers and would-be subscribers who have difficulty managing their long-distance charges, the Commission proposes certain call control services which would allow for voluntary long-distance blocking<sup>5</sup> and other long-distance restriction services,<sup>6</sup> assistance

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<sup>5</sup> NPRM at par. 16.

<sup>6</sup> NPRM at par. 20.

with connection charges and deposits,<sup>7</sup> disconnection restrictions,<sup>8</sup> and modifications to Lifeline Assistance.<sup>9</sup>

As described in Attachment A to these comments, Ameritech already is conducting trials of some of these alternatives, has implemented others and is studying the prospects for others, as well. For example, Ameritech currently is conducting a trial of "Credit Culture," a program which provides for voluntary toll restrictions, for both interstate and intrastate calls, as a condition of new service to single party residence customers who cannot pay an outstanding final bill and/or deposit. In addition, Ameritech currently offers a service under tariff which allows for toll restriction, on both interstate and intrastate calls, and payment arrangements for existing customers who are experiencing financial difficulty in paying their telephone bill and who otherwise would have their service involuntarily disconnected.

Ameritech Call Control is a service that provides residence subscribers with the capability to screen outgoing calls according to their own personal choice from a menu of blocking options. All of these measures help would-be customers subscribe to the public switched network and help keep existing customers on the network.

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<sup>7</sup> NPRM at par. 22.

<sup>8</sup> NPRM at par. 27.

<sup>9</sup> NPRM at par. 34.

Regarding the other long-distance restrictions mentioned in the NPRM, Ameritech does not yet have the capability to restrict long-distance usage by minutes of use or by dollar amount. However, Ameritech does offer a debit card that can be purchased in specific monetary increments and used as a method of budgeting for long distance calling that is not otherwise restricted by the customer.

The Commission also asks about a proposal to require carriers to adjust deposit requirements for low-income subscribers that agree to accept voluntary toll restriction service. Ameritech already does this; deposit requirements for a customer generally reflect, among other factors, the total amount of charges that are likely to be generated on the customer's bill. It would be unreasonable, however, to require that the deposit be "graduated to correlate with the monthly dollar amount of long-distance service authorized by the terms and conditions of the account"<sup>10</sup> because there are a variety of other factors which can, and often do, impact on the level of deposit which is reasonable in particular circumstances, including the potential amount of other charges and previous credit history.

It also would be unreasonable for the Commission to prohibit disconnection of local exchange service for non-payment of interstate long distance charges. In the first place, a federal rule which establishes terms and

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<sup>10</sup> NPRM at par. 26.



conditions for subscription to local service<sup>11</sup> may very well run afoul of the bright line which separates the Commission jurisdiction over interstate communications and state regulatory commissions' jurisdiction over local exchange service. The Commission acknowledges that intrastate services fall within the jurisdiction of the states,<sup>12</sup> but suggests that no jurisdictional issue arises here because only interstate toll calls would be subject to this new policy. However, the service that is regulated under a rule prohibiting disconnection of local service for non-payment of interstate toll is local service, not interstate toll. Indeed, an exercise of federal jurisdiction over local service on the basis that local service is necessary for access to interstate toll, by logical extension, would justify an exercise of preemptive federal jurisdiction over any disconnection policy established by the states.

Second, differentiating between interstate and intrastate toll would require additional sets of line class codes (perhaps up to four additional sets) which would utilize switch capacity that then would be unavailable for other purposes, including the fulfillment of other regulatory mandates. In addition to the investments necessary to provide for this switching capacity, Ameritech estimates the cost of implementing this type of blocking would be approximately \$2 million and that would be for expense only, e.g. right-to-use fees. Other implementation costs, such as engineering, translations, record

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<sup>11</sup> Including deposit requirements and disconnection policies.

<sup>12</sup> NPRM at par. 17.

work, updated billing systems, increased contact handling time, etc., also would be incurred.

Third, such a rule would not necessarily result in increased subscribership. In fact, the Commission itself has noted that some states which prohibit disconnection of local service for non-payment of long distance charges have penetration levels below the 93.9% national average<sup>13</sup> and some states which do not prohibit disconnection of local service for non-payment of long distance charges have penetration levels which exceed the 93.9% national average.<sup>14</sup>

Fourth, the Commission should take into account the fact that billing and collection contracts were negotiated with interexchange carriers based on a particular level of uncollectibles. A Commission rule prohibiting disconnection of local service for non-payment of interstate toll would substantially increase those uncollectibles and, therefore, impair those contracts. This very well could violate the Fifth and Fourteenth Amendments to the United States Constitution. At a minimum, it clearly would undermine the uncollectibles basis on which interexchange carrier contributions to the carrier common line fund were established. For all of

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<sup>13</sup> Nevada (92.3%); New York (93.2%); Wyoming (93.8%)

<sup>14</sup> E.g. Indiana (94%); Michigan (95.3%); Wisconsin (98%).

these reasons, the Commission should not adopt a rule prohibiting disconnection of local service for non-payment of interstate toll charges.

Nor should the Commission adopt the two ideas it mentioned in the NPRM with respect to the Lifeline program. In one, the Commission asks about use of a non-means test, such as age and disability, to extend Lifeline benefits to those who would not qualify for assistance under current eligibility requirements. This would not be reasonable. Lifeline benefits should be made available to those who otherwise cannot afford service; those benefits should not be made available to those who have the financial means to pay for the service to which they subscribe. In the other proposal, the Commission asks whether Lifeline assistance should be extended to multi-line entities such as schools and libraries. Ameritech already has made commitments to extend modern telecommunications infrastructure to various schools and libraries in its midwest region. However, the responsibility for making the decision to place a telephone in a community access point, such as a school or library, together with the responsibility for paying the applicable charges associated with that telephone, must be made at the local level by those who have been asked by the people in their community to manage that access point.

B. Services Targeted for Low-Income Populations That are Highly Mobile

The Commission invites comment on how better to address the telephone service needs of low-income, highly mobile Americans. This is an important issue for Ameritech. To obtain further information about how to better serve this part of its customer base, the Company has initiated a program in Cleveland, Ohio whereby approximately 50 voice-mailboxes have been made available to low-income, mobile persons through fifteen social agencies which serve the homeless. These electronic mailboxes are used for a variety of purposes, including job and housing searches, coordination of medical services and court/legal issues resolution. The mailboxes are accessible through a 1-800 dialing arrangement and, therefore, can be accessed at no charge from a public pay telephone. The Company is monitoring this program closely and will be carefully reviewing the results of this effort to serve low-income, highly mobile persons.

Undoubtedly, there are other initiatives which could be studied. This would require, for example, an analysis of the numbers of persons or households in need of assistance. Other service alternatives, such as pay telephones, must be identified. A determination would have to be made with respect to whether state or local government or local charities, as opposed to this Commission, are in a better position to identify and address

this issue. Again, Ameritech would be willing to cooperate with such an inquiry.

C. Extending Telephone Service to Unserved Areas

Ameritech provides wireline telephone service throughout its service territory in the midwest states. If there are other states in which the provision of wireline service is prohibitively expensive, then that is a matter to be considered and resolved by the regulatory authorities in those states. It is not a matter which this Commission should attempt to address through increased subsidies flowing from companies and customers in other parts of the country.<sup>15</sup>

III.

SUBSCRIBERSHIP BARRIERS AND MEASUREMENTS

The Commission invites comment on how to better measure subscribership.<sup>16</sup> Ameritech believes that one way to improve this measurement would be to measure household access to the public switched network, not simply household subscription to wireline telephone service. The Commission implicitly recognizes the merits of this idea in its annual

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<sup>15</sup> In fact, the Commission has initiated another proceeding to consider ways to reduce such subsidies. In the Matter of Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board, Notice of Proposed Rulemaking and Notice of Inquiry, CC Docket No. 80-286, rel. July 13, 1995.

<sup>16</sup> NPRM at par. 45.

“Telephone Penetration Survey” which measures both households subscribing and households with a telephone line available. Under the current measurement, however, persons may be regarded as non-subscribers even though their communications needs may be reasonably met through access to a public payphone or some wireless service or even though they have made a personal choice not to subscribe. Subscribership to wireline service is, and should continue to be, an important measure. However, that measure should be supplemented by an estimate of access to the public switched network generally.

#### IV.

#### CONSUMER AWARENESS ISSUES

The Commission asks for comments on whether non-subscribers may be unaware of the availability of assistance to help them obtain telephone service or have misconceptions about the costs of obtaining service.<sup>17</sup> More specifically, the Commission asks what the Commission might do to facilitate an educational process to enhance the level of subscribership in the country.

One way to approach this issue would be to inventory all of the various ways in which customers and would-be customers currently are advised about their options for obtaining telephone service. Included in those

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<sup>17</sup> NPRM at pars. 46-52.

information sources would be: notices in carriers' public offices and in informational sections of telephone directories or customer bills; information from the communications offices of state and federal regulatory agencies and offices of consumer advocates, etc. After this inventory is completed, the Commission can determine whether there are information requirements that are not being met and can determine whether the benefits of additional information requirements would be cost justified.

## V.

### CONCLUSION

Reasonable access to telephone service is as important now as it was when the Commission's "make available" mandate was created in 1934. Although this mandate was directed to the Commission, Ameritech is willing to accept its responsibility to take the appropriate steps to ensure that people who want to subscribe to its telephone service have a reasonable opportunity to do so. It is in this spirit that Ameritech has offered its comments in this docket. As the Commission considers whether additional federal rules for promoting subscribership truly are warranted, Ameritech

asks the Commission to remain mindful of the effects its actions might have on creating unintended and uneconomic dislocations in the increasingly competitive marketplace.

Respectfully submitted,

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September 27, 1995



AMERITECH INITIATIVES TO INCREASE SUBSCRIBERSHIP

Ameritech has undertaken a variety of initiatives to increase subscribership in its midwest region. The following are some examples.

Credit Culture Trial

Ameritech's Credit Culture Trial provides voluntary toll restriction as a condition of new service to single party, residence customers who cannot pay an outstanding final bill and/or deposit. This toll restriction remains in effect until final bill payment arrangements are completed or the length of time that a deposit can be held is satisfied, which ever is longer, but not to exceed 18 months.

The initial trial was aborted when the vendor that supported risk management tools used in this trial ceased doing business in May, 1994. Data from the trial was incomplete and that made it impossible to perform meaningful analysis of the trial.

A new vendor now has been selected. The model and new software have been developed. A phased-in deployment is expected to be completed and fully operational throughout the Ameritech region by the end of the

third quarter, 1995. The trial will be conducted through at least the end of the year.

Wisconsin, however, generally prohibits toll restriction as a condition of local service. Nevertheless, Ameritech recently conducted a Proof of Residence/Identification Trial in Wisconsin. The objective of the trial was to provide telephone service to customers without delay even though discrepancies may have arisen in the service application process. In the trial, the Wisconsin Public Service Commission and Ameritech agreed to provide local service that is toll restricted on a temporary basis to give customers adequate time to provide information necessary to resolve all discrepancies.

The trial was a success. Complaints associated with service connection declined dramatically. Service was initiated sooner. Some customers who would not have been able to obtain service in the past were enrolled as subscribers under the trial arrangement. In fact, the trial was so successful that the Wisconsin Public Service Commission granted a permanent waiver of its rules to allow the new procedures to continue.

#### Treatment/Denial

Ameritech also has gained approval in all of its states to offer toll restriction and payment arrangements, in lieu of denial, to existing

customers. Toll restriction is an optional central office service that restricts access to the network when dialing 1+, 0+, 0-, 10XXX, 900/976, 700 or interzone calls. Restricted calls are directed to a recorded central office announcement. Toll restriction does not restrict local calls, calls to intraLATA or intraNPA Directory Assistance, Telephone Repair Service, Emergency Services such as 9-1-1, E-9-1-1, or non-chargeable calls to 800 or 950 numbers. Toll restriction is not offered to customers who live in areas where 9-1-1 is not available. Toll billing exception is offered as an option with toll restriction to prevent collect calls and calls billed to a third party.

Toll restriction is offered to all residence accounts at a tariffed rate of \$5.95 per month, however, customers who are part of the Credit Culture Trial or take toll restriction at the point of denial are not charged for toll restriction. Non-recurring charges for toll restriction generally are consistent with the non-recurring charges for other central offices features in the particular state in which it is provided. Wisconsin is the exception; there, monthly charges do not apply and non-recurring charges apply only after the first application for the service.

#### Selective Class of Call Screening

Selective Class of Call Screening is a general tariff offering available to both residence and business customers in Indiana. This offering also

provides toll blocking. The monthly rate is \$14 and the non-recurring charge is \$31. In view of the lower priced Toll Restriction alternative, there is not a substantial demand for Selective Class of Call Screening among residential customers.

#### Ameritech Call Control

Ameritech Call Control (ACC) is an optional feature that provides a residence subscriber with the capability to screen outgoing calls placed over their network access line, then block or allow calls initiated to dialed telephone numbers. ACC allows subscribers to activate or deactivate the feature. It also allows subscribers to modify the screening parameters through the use of a touch tone telephone. In addition, ACC allows subscribers to dial a "personal identification number" during an interactive announcement to override any call restriction.

The ACC screening list can be set up to restrict all outgoing calls except to certain specified numbers, area codes or local exchange prefixes, or it can be set up to allow all outgoing calls except to certain specified numbers, area codes or local exchange prefixes. Entries on the screening list can reflect any single number or combination of numbers representing long distance (including international) and local calls (single entries only, not ranges).

The standard menu blocking choices include:

- \* Block all long distance calls;
- \* Block all Operator assisted calls;
- \* Block specific telephone number, prefix, and/or area code,  
with a maximum of 10 individualized entries;
- \* Block all outgoing calls; and
- \* Allow for exceptions to blocked calls, with a maximum of 10  
individualized entries.

Calls to 9-1-1 are not restricted.

Subscribers can access ACC from the access line equipped with ACC, or can do so remotely through the use of a touch tone telephone. ACC is provided subject to the availability of suitable central office facilities and capacity and is not offered in areas where 9-1-1 is not available.

The monthly rate for ACC is \$7.95 and the non-recurring charges are consistent with the non-recurring charges for other central office features in the particular state in which it is provided.

ACC was deployed in limited areas of Wisconsin in November, 1994 and limited areas in Illinois, Indiana, Michigan and Ohio in July, 1995.

#### Denial of Service

Ameritech has the lawful authority throughout its 5 state region to deny local service for non-payment of its own toll charges and those interexchange carriers from whom it purchases receivables pursuant to a billing and collection contract.

#### Other

Ameritech currently does not have the technical capability to limit interstate toll usage to a pre-set level of monthly charges or minutes of use, but continues to examine the feasibility and economics of such a service.

CERTIFICATE OF SERVICE

I, Toni R. Acton do hereby certify that a copy of the foregoing Comments has been served on both parties listed below, on this 27th day of September 1995.

By:   
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